REVENUE ESTIMATING CONFERENCE
FISCAL YEAR 11 FORECAST
(In Million $)

ADOPTED

REVENUE SOURCE / Dedications	FY10 Actual	Official Forecast 6/21/2010	Proposed DOA Forecast 3/7/2011	Proposed LFO Forecast 3/7/2011	DOA +(-) Official Forecast	LFO +(-) Official Forecast
Alcoholic Beverage	19.7	19.0	19.5	20.0	0.5	1.0
Beer	35.8	36.5	35.6	36.0	(0.9)	(0.5)
Corporate Franchise			48.0			
Corporate Income			144.0			
Total Corp Fran. & Inc.	174.8	371.8	192.0	200.0	(179.8)	(171.8)
Gasoline & Special Fuels	588.0	594.0	603.6	607.0	9.6	13.0
Gift	0.2	-	-	-	-	-
Hazardous Waste	2.8	3.0	2.7	3.0	(0.3)	-
Individual Income	2,212.3	2,466.2	2,703.7	2,620.5	237.5	154.3
Inheritance	1.3	1.4	1.0	0.7	(0.4)	(0.7)
Natural Gas Franchise	1.4	2.5	1.4	2.0	(1.1)	(0.5)
Public Utilities	5.0	5.0	5.1	2.5	0.1	(2.5)
Auto Rental Excise	4.7	5.0	5.3	5.5	0.3	0.5
Sales Tax - General	2,362.5	2,402.0	2,550.1	2,583.2	148.1	181.2
Severance	777.5	742.0	707.2	758.8	(34.8)	16.8
Special Fuels			-		-	-
Supervision/Inspection Fee	7.2	7.0	7.3	8.0	0.3	1.0
Tobacco	136.5	133.8	137.1	137.1	3.3	3.3
Unclaimed Property	36.2	36.0	37.8	34.0	1.8	(2.0)
Miscellaneous Receipts	5.0	6.5	6.3	6.1	(0.2)	(0.3)
Total-Dept. of Revenue	**6,371.0**	**6,831.6**	**7,015.6**	**7,024.4**	**184.0**	**192.8**
Royalties	418.4	504.2	452.6	465.3	(51.6)	(38.9)
Rentals	21.1	19.7	21.1	19.5	1.5	(0.1)
Bonuses	27.1	36.8	32.1	29.0	(4.7)	(7.8)
Mineral Interest	3.5	3.0	3.5	3.0	0.5	-
Total-Natural Res.	**470.0**	**563.7**	**509.3**	**516.8**	**(54.4)**	**(46.8)**
Interest Earnings (SGF)	157.3	134.0	113.3	113.0	(20.7)	(21.0)
Interest Earnings (TTF)	1.9	2.0	9.0	2.0	7.0	-
Var. Agy. Receipts	59.3	44.3	41.3	44.8	(3.0)	0.5
Agency SGR Over-Collections	21.4	20.4	18.1	19.8	(2.2)	(0.6)
Bond Reimbursements	3.8	4.0	3.8	4.0	(0.3)	-
Quality Ed. Support Fund	51.0	50.0	51.7	50.0	1.7	-
Lottery Proceeds	137.9	126.7	134.2	134.2	7.5	7.5
Land-based Casino	75.2	75.5	77.5	74.1	2.0	(1.4)
Tobacco Settlement	62.8	61.0	61.7	61.7	0.7	0.7
DHH Provider Fees	107.9	106.1	111.1	106.1	5.0	-
Total Treasury	**678.5**	**624.0**	**621.6**	**609.7**	**(2.4)**	**(14.3)**
Excise License	356.6	372.3	369.0	397.8	(3.3)	25.5
Ins. Rating Fees (SGF)	54.9	55.8	54.0	55.9	(1.9)	0.1
Total-Insurance	**411.5**	**428.1**	**423.0**	**453.7**	**(5.2)**	**25.6**
Misc. DPS Permits & ABC Permits	12.8	9.4	12.9	9.4	3.5	-
Titles	20.2	21.7	20.6	19.5	(1.0)	(2.1)
Vehicle Licenses	98.8	102.1	100.0	99.4	(2.1)	(2.7)
Vehicle Sales Tax	247.1	267.3	265.3	267.3	(2.0)	-
Riverboat Gaming	357.7	354.5	365.8	359.0	11.3	4.5
Racetrack slots	58.7	60.0	60.2	58.7	0.2	(1.3)
Video Draw Poker	192.5	190.0	199.8	195.5	9.8	5.5
Total-Public Safety	**987.8**	**1,004.9**	**1,024.6**	**1,008.8**	**19.7**	**3.9**
Total Taxes, Lic., Fees	**8,918.8**	**9,452.4**	**9,594.1**	**9,613.5**	**141.7**	**161.1**
Less: Dedications	*(1,744.1)*	*(1,733.5)*	*(1,759.3)*	*(1,767.1)*	(25.8)	(33.6)
Less: NOW Waiver Fund Allocation	-	-	*(13.9)*	*(15.3)*	(13.9)	(15.3)
STATE GENERAL FUND REVENUE - DIRECT	**7,174.7**	**7,718.9**	**7,820.9**	**7,831.1**	**102.0**	**112.2**
Oil Price ($/barrel)		$72.43	$83.84	$84.65	$11.41	$12.22

Some columns and lines do not add precisely due to rounding.

REVENUE ESTIMATING CONFERENCE

FISCAL YEAR 11 FORECAST
(In Million $)

ADOPTED

REVENUE SOURCE / Dedications	FY10 Actual	Official Forecast 6/21/2010	Proposed DOA Forecast 3/7/2011	Proposed LFO Forecast 3/7/2011	DOA +(-) Official Forecast	LFO +(-) Official Forecast
-						
Transp. Trust/Motor Fuels/93% Veh. Sales	470.4	475.2	482.9	485.6	7.7	10.4
Transp. Mobility Fund / 7% Veh. Sales	0.0	0.0	0.0	0.0	-	-
Motor Vehicles Lic. - TTF	43.4	43.9	43.5	42.7	(0.4)	(1.2)
Aviation Tax - TTF	29.8	29.8	29.8	29.8	-	-
TTF/Interest and Fees	29.8	32.3	31.0	29.9	(1.3)	(2.4)
Motor Fuels - TIME Program	117.6	118.8	120.7	121.4	1.9	2.6
Motor Veh.Lic - Hwy Fund #2	10.6	11.6	11.4	10.5	(0.3)	(1.1)
State Highway Improvement Fund	27.5	19.4	19.0	27.7	(0.4)	8.3
Severance Tax -Parishes	44.0	37.1	35.3	42.5	(1.8)	5.4
Severance Tax - Forest Prod. Fund	2.2	2.6	2.5	2.2	(0.1)	(0.4)
Royalties - Parishes	41.5	50.4	45.3	46.5	(5.2)	(3.9)
Royalties-DNR/AG Support Fund	2.2	2.6	2.2	2.6	(0.4)	-
Wetlands Fund	32.8	29.2	27.5	28.6	(1.7)	(0.6)
Mineral Audit Settlement Fund	0.0	0.0	0.0	0.0	-	-
Quality Ed. Support Fund	51.0	50.0	51.7	50.0	1.7	-
LA Econ Dev Port Dev Infra Fund	0.0	0.0		0.0	-	-
Sales Tax Econ. Development	11.1	11.8	12.7	12.5	0.9	0.7
Tourist Promotion District	21.0	20.0	21.1	22.8	1.1	2.8
Excise Lic. - 2% Fire Ins.	18.0	19.3	17.7	19.3	(1.6)	(0.0)
Excise Lic. -Fire Mars. Fd.	13.2	15.9	14.5	15.9	(1.3)	0.0
Excise Lic. - LSU Fire Tr.	2.5	3.2	2.9	3.2	(0.3)	0.0
Insurance Fees	54.9	55.8	54.0	55.9	(1.9)	0.1
State Police Salary Fund	15.6	15.6	15.6	15.6	-	-
Video Draw Poker	58.4	59.0	61.7	60.8	2.7	1.8
Racetrack Slots	29.9	27.5	31.9	28.5	4.5	1.0
Lottery Proceeds Fund	137.4	126.2	133.7	133.7	7.5	7.5
SELF Fund	151.5	151.2	156.3	150.7	5.1	(0.5)
Riverboat 'Gaming' Enforce.	55.9	55.5	57.8	56.7	2.3	1.2
Compulsive Gaming Fund	2.5	2.5	2.5	2.5	-	-
Stabilization Fund	0.0	0.0	0.0	0.0	-	-
Hazardous Waste Funds	2.8	3.0	2.7	3.0	(0.3)	-
Supervision/Inspection Fee	7.2	7.0	7.3	8.0	0.3	1.0
Insp. Fee/Gasoline, Ag. Petr. Fund	4.9	5.3	5.1	5.3	(0.2)	(0.0)
Tobacco Settlement	62.8	61.0	61.7	61.7	0.7	0.7
Tob Tax Health Care Fd / Reg Enf Fd	38.5	39.6	41.1	39.7	1.5	0.0
Rapid Response Fund/Econ Dev	10.0	10.0	10.0	10.0	-	-
Rapid Response Fund/Workforce	9.9	10.0	10.0	10.0	-	-
Unclaimed Property / I-49	15.0	15.0	15.0	15.0	-	-
Capitol Tech	10.0	10.0	10.0	10.0	-	-
DHH Provider Fees	107.9	106.1	111.1	106.1	5.0	-
Total Dedications	**1,744.1**	**1,733.5**	**1,759.3**	**1,767.1**	**25.8**	**33.6**

Some columns and lines do not add precisely due to rounding.

REVENUE ESTIMATING CONFERENCE

FISCAL YEAR 12 FORECAST

(In Million $)

ADOPTED

REVENUE SOURCE / Dedications	Official Forecast 4/14/2010	Proposed DOA Forecast 3/7/2011	Proposed LFO Forecast 3/7/2011	DOA +(-) Official Forecast	LFO +(-) Official Forecast
Alcoholic Beverage	19.0	19.5	20.3	0.5	1.3
Beer	36.5	35.6	36.4	(0.9)	(0.1)
Corporate Franchise		44.3			
Corporate Income		132.9			
Total Corp Fran. & Inc.	381.2	177.2	255.0	(204.0)	(126.2)
Gasoline & Special Fuels	567.9	607.4	613.0	39.5	45.1
Gift	-	-	-	-	-
Hazardous Waste	3.1	2.7	3.1	(0.4)	-
Individual Income	2,742.7	2,917.4	2,815.2	174.7	72.5
Inheritance	1.0	1.0	0.5	-	(0.5)
Natural Gas Franchise	3.5	1.4	2.0	(2.1)	(1.5)
Public Utilities	5.0	5.2	3.5	0.2	(1.5)
Auto Rental Excise	5.0	5.9	6.0	0.9	1.0
Sales Tax - General	2,454.0	2,680.0	2,671.9	226.0	217.9
Severance	760.3	759.3	792.8	(1.0)	32.5
Special Fuels		-		-	-
Supervision/Inspection Fee	7.5	7.4	8.5	(0.1)	1.0
Tobacco	133.5	139.3	136.5	5.8	3.0
Unclaimed Property	36.0	37.8	34.0	1.8	(2.0)
Miscellaneous Receipts	6.5	6.4	6.1	(0.0)	(0.3)
Total-Dept. of Revenue	**7,162.7**	**7,403.6**	**7,404.8**	**240.9**	**242.2**
Royalties	581.0	501.0	473.6	(80.0)	(107.4)
Rentals	22.7	21.1	19.9	(1.5)	(2.8)
Bonuses	42.4	35.3	34.1	(7.1)	(8.3)
Mineral Interest	3.0	3.5	3.0	0.5	-
Total-Natural Res.	**649.1**	**560.9**	**530.6**	**(88.2)**	**(118.5)**
Interest Earnings (SGF)	124.0	105.9	101.7	(18.1)	(22.3)
Interest Earnings (TTF)	2.0	10.0	2.0	8.0	-
Var. Agy. Receipts	44.3	41.3	44.8	(3.0)	0.5
Agency SGR Over-Collections	20.4	18.1	19.8	(2.2)	(0.6)
Bond Reimbursements	4.0	3.8	4.0	(0.3)	-
Quality Ed. Support Fund	55.0	52.3	55.0	(2.7)	-
Lottery Proceeds	126.7	130.5	130.5	3.8	3.8
Land-based Casino	77.7	79.8	75.0	2.0	(2.7)
Tobacco Settlement	64.0	60.7	60.7	(3.3)	(3.3)
DHH Provider Fees	106.1	108.9	106.1	2.8	-
Total Treasury	**624.2**	**611.2**	**599.6**	**(13.0)**	**(24.6)**
Excise License	375.4	381.9	402.0	6.5	26.6
Ins. Rating Fees (SGF)	56.3	57.0	55.9	0.7	(0.4)
Total-Insurance	**431.7**	**438.9**	**457.9**	**7.1**	**26.2**
Misc. DPS Permits & ABC Permits	10.5	13.0	10.5	2.5	-
Titles	24.2	21.0	21.8	(3.2)	(2.4)
Vehicle Licenses	112.6	101.2	109.0	(11.4)	(3.6)
Vehicle Sales Tax	298.9	289.7	298.9	(9.2)	-
Riverboat Gaming	366.4	373.2	363.0	6.8	(3.4)
Racetrack slots	62.0	60.2	59.5	(1.8)	(2.5)
Video Draw Poker	201.6	206.7	198.9	5.1	(2.7)
Total-Public Safety	**1,076.2**	**1,065.0**	**1,061.6**	**(11.2)**	**(14.6)**
Total Taxes, Lic., Fees	**9,943.9**	**10,079.5**	**10,054.5**	**135.6**	**110.7**
Less: Dedications	*(1,745.4)*	*(1,781.5)*	*(1,790.3)*	(36.1)	(44.9)
Less: NOW Waiver Fund Allocation	-	-	-	-	-
STATE GENERAL FUND REVENUE - DIRECT	**8,198.5**	**8,298.0**	**8,264.2**	**99.5**	**65.8**
Oil Price ($/barrel)	$76.50	$91.08	$84.68	$14.58	$8.18

Some columns and lines do not add precisely due to rounding.

REVENUE ESTIMATING CONFERENCE

FISCAL YEAR 12 FORECAST
(In Million $)

ADOPTED

REVENUE SOURCE / Dedications	Official Forecast 4/14/2010	Proposed DOA Forecast 3/7/2011	Proposed LFO Forecast 3/7/2011	DOA +(-) Official Forecast	LFO +(-) Official Forecast
Transp. Trust/Motor Fuels/93% Veh. Sales	454.3	485.9	490.4	31.6	36.1
Transp. Mobility Fund / 7% Veh. Sales	0.0	0.0	0.0	-	-
Motor Vehicles Lic. - TTF	48.4	44.0	46.9	(4.4)	(1.5)
Aviation Tax - TTF	29.8	29.8	29.8	-	-
TTF/Interest and Fees	32.3	32.0	29.9	(0.3)	(2.4)
Motor Fuels - TIME Program	113.6	121.5	122.6	7.9	9.0
Motor Veh.Lic - Hwy Fund #2	12.8	11.5	11.6	(1.3)	(1.3)
State Highway Improvement Fund	21.4	19.2	30.4	(2.2)	9.0
Severance Tax -Parishes	38.0	37.8	44.4	(0.2)	6.4
Severance Tax - Forest Prod. Fund	2.6	2.4	2.2	(0.2)	(0.4)
Royalties - Parishes	58.1	50.1	47.4	(8.0)	(10.7)
Royalties-DNR/AG Support Fund	2.6	2.2	2.6	(0.4)	-
Wetlands Fund	31.1	29.5	29.5	(1.6)	(1.6)
Mineral Audit Settlement Fund	0.0	0.0	0.0	-	-
Quality Ed. Support Fund	55.0	52.3	55.0	(2.7)	-
LA Econ Dev Port Dev Infra Fund	0.0		0.0	-	-
Sales Tax Econ. Development	12.2	13.4	13.0	1.2	0.9
Tourist Promotion District	20.6	22.3	23.8	1.6	3.1
Excise Lic. - 2% Fire Ins.	19.5	18.3	19.5	(1.2)	0.0
Excise Lic. -Fire Mars. Fd.	16.0	15.0	16.1	(1.0)	0.1
Excise Lic. - LSU Fire Tr.	3.2	3.0	3.2	(0.2)	0.0
Insurance Fees	56.3	57.0	55.9	0.7	(0.4)
State Police Salary Fund	15.6	15.6	15.6	-	-
Video Draw Poker	62.1	63.5	61.7	1.4	(0.4)
Racetrack Slots	27.6	31.9	28.5	4.4	0.9
Lottery Proceeds Fund	126.2	130.0	130.0	3.8	3.8
SELF Fund	156.0	160.3	152.5	4.2	(3.5)
Riverboat 'Gaming' Enforce.	57.4	59.0	57.4	1.6	(0.0)
Compulsive Gaming Fund	2.5	2.5	2.5	-	-
Stabilization Fund	0.0	0.0	0.0	-	-
Hazardous Waste Funds	3.1	2.7	3.1	(0.4)	-
Supervision/Inspection Fee	7.5	7.4	8.5	(0.1)	1.0
Insp. Fee/Gasoline, Ag. Petr. Fund	4.9	5.1	5.2	0.2	0.2
Tobacco Settlement	64.0	60.7	60.7	(3.3)	(3.3)
Tob Tax Health Care Fd / Reg Enf Fd	39.5	41.8	39.5	2.3	(0.0)
Rapid Response Fund/Econ Dev	10.0	10.0	10.0	-	-
Rapid Response Fund/Workforce	10.0	10.0	10.0	-	-
Unclaimed Property / I-49	15.0	15.0	15.0	-	-
Capitol Tech	10.0	10.0	10.0	-	-
DHH Provider Fees	106.1	108.9	106.1	2.8	-
Total Dedications	**1,745.4**	**1,781.5**	**1,790.3**	**36.1**	**44.9**

Some columns and lines do not add precisely due to rounding.

REVENUE ESTIMATING CONFERENCE

FISCAL YEAR 13-14 FORECAST

(In Million $)

REVENUE SOURCE / Dedications	ADOPTED **LFO FY13** 3/7/11	ADOPTED **LFO FY14** 3/7/11	ADOPTED **LFO FY15** 3/7/11
Alcoholic Beverage	20.5	20.7	20.9
Beer	36.8	37.2	37.6
Corporate Franchise			
Corporate Income			
Total Corp Fran. & Inc.	246.6	293.9	343.9
Gasoline & Special Fuels	621.0	627.0	633.0
Gift	0.0	0.0	0.0
Hazardous Waste	3.1	3.2	3.3
Individual Income	3,008.8	3,201.2	3,368.0
Inheritance	0.5	0.4	0.3
Natural Gas Franchise	2.5	3.0	3.5
Public Utilities	4.0	4.5	5.0
Auto Rental Excise	0.0	0.0	0.0
Sales Tax - General	2,764.4	2,856.4	2,936.5
Severance	807.2	819.6	840.1
Special Fuels			
Supervision/Inspection Fee	8.0	8.5	9.0
Tobacco	124.1	123.7	123.1
Unclaimed Property	34.0	34.0	34.0
Miscellaneous Receipts	6.1	6.1	6.1
Total-Dept. of Revenue	7,687.6	8,039.5	8,364.3
Royalties	515.7	546.2	556.5
Rentals	21.7	22.9	23.4
Bonuses	37.1	39.3	40.1
Mineral Interest	3.0	3.0	3.0
Total-Natural Res.	577.5	611.5	622.9
Interest Earnings (SGF)	91.5	82.4	74.1
Interest Earnings (TTF)	2.0	2.0	2.0
Var. Agy. Receipts	44.8	44.8	44.8
Agency SGR Over-Collections	19.8	19.8	19.8
Bond Reimbursements	4.0	4.0	4.0
Quality Ed. Support Fund	55.0	60.0	60.0
Lottery Proceeds	130.3	130.3	130.3
Land-based Casino	76.0	77.0	78.0
Tobacco Settlement	60.5	63.7	64.9
DHH Provider Fees	106.1	106.1	106.1
Total Treasury	590.0	590.1	584.0
Excise License	420.0	443.0	467.0
Ins. Rating Fees (SGF)	55.9	55.9	55.9
Total-Insurance	475.9	498.9	522.9
Misc. DPS Permits & ABC Permits	11.3	11.7	11.9
Titles	23.7	24.5	24.9
Vehicle Licenses	120.5	129.7	133.0
Vehicle Sales Tax	324.2	335.6	340.6
Riverboat Gaming	367.0	371.9	376.8
Racetrack slots	60.5	61.5	62.5
Video Draw Poker	202.2	206.1	209.1
Total-Public Safety	1,109.4	1,141.0	1,158.8
Total Taxes, Lic., Fees	10,440.5	10,881.0	11,253.0
Less: Dedications	*(1,819.7)*	*(1,853.9)*	*(1,874.1)*
STATE GENERAL FUND REVENUE - DIRECT	8,620.8	9,027.0	9,378.9
Oil Price ($/barrel)	$85.86	$85.26	$85.86

Some columns and lines do not add precisely due to rounding.

REVENUE ESTIMATING CONFERENCE

FISCAL YEAR 13-14 FORECAST

(In Million $)

REVENUE SOURCE / Dedications	ADOPTED LFO FY13 3/7/11	ADOPTED LFO FY14 3/7/11	ADOPTED LFO FY15 3/7/11
Transp. Trust/Motor Fuels/93% Veh. Sales	496.8	501.6	506.4
Transp. Mobility Fund / 7% Veh. Sales	0.0	0.0	0.0
Motor Vehicles Lic. - TTF	51.8	55.8	57.2
Aviation Tax - TTF	29.8	29.8	29.8
TTF/Interest and Fees	29.9	29.9	29.9
Motor Fuels - TIME Program	124.2	125.4	126.6
Motor Veh.Lic - Hwy Fund #2	12.8	13.7	14.1
State Highway Improvement Fund	33.6	36.2	37.1
Severance Tax -Parishes	45.2	45.9	47.0
Severance Tax - Forest Prod. Fund	2.2	2.2	2.2
Royalties - Parishes	51.6	54.6	55.7
Royalties-DNR/AG Support Fund	2.6	2.6	2.6
Wetlands Fund	30.6	31.5	32.0
Mineral Audit Settlement Fund	0.0	0.0	0.0
Quality Ed. Support Fund	55.0	60.0	60.0
LA Econ Dev Port Dev Infra Fund	0.0	0.0	0.0
Sales Tax Econ. Development	13.6	14.0	14.4
Tourist Promotion District	24.7	25.5	26.2
Excise Lic. - 2% Fire Ins.	20.4	21.5	22.7
Excise Lic. -Fire Mars. Fd.	16.8	17.7	18.7
Excise Lic. - LSU Fire Tr.	3.4	3.6	3.8
Insurance Fees	55.9	55.9	55.9
State Police Salary Fund	15.6	15.6	15.6
Video Draw Poker	62.6	63.6	64.4
Racetrack Slots	28.6	28.6	28.7
Lottery Proceeds Fund	129.8	129.8	129.8
SELF Fund	154.4	156.4	158.5
Riverboat 'Gaming' Enforce.	58.0	58.8	59.5
Compulsive Gaming Fund	2.5	2.5	2.5
Stabilization Fund	0.0	0.0	0.0
Hazardous Waste Funds	3.1	3.2	3.3
Supervision/Inspection Fee	8.0	8.5	9.0
Insp. Fee/Gasoline, Ag. Petr. Fund	5.4	5.5	5.5
Tobacco Settlement	60.5	63.7	64.9
Tob Tax Health Care Fd / Reg Enf Fd	39.4	39.2	39.1
Rapid Response Fund/Econ Dev	10.0	10.0	10.0
Rapid Response Fund/Workforce	10.0	10.0	10.0
Unclaimed Property / I-49	15.0	15.0	15.0
Capitol Tech	10.0	10.0	10.0
DHH Provider Fees	106.1	106.1	106.1
Total Dedications	**1,819.7**	**1,853.9**	**1,874.1**

Some columns and lines do not add precisely due to rounding.

REVENUE ESTIMATING CONFERENCE
March 7, 2011

Legislative Fiscal Office
State General Fund Revenue Forecast
(millions $)

	FY10	FY11	FY12	FY13	FY14	FY15
SGF Revenue	$7,176	$7,831	$8,264	$8,621	$9,027	$9,379
Forecast Change		$112	$66	$30	$63	na
Yr/Yr $ Chg.	-$2,210	$655	$418	$357	$406	$352
Yr/Yr % Chg.	-23.5%	9.1%	5.3%	4.3%	4.7%	3.9%

The national recession hit FY10 in a big way but recovery is slated for FY11 and beyond. After three post-hurricane years of substantial revenue growth (five years including the two years before the storms), general fund revenue fell by $785 million or 7.7% during FY09, and then fell another $2.2 billion or 23.5% in FY10. This two-year drop in revenue of $2.995 billion (exclusive of 2009 amnesty collections) was comprised roughly of 21% mineral revenue decline (from price peaks in the summer of 2008), 27% from tax cuts, and 52% from general economic deterioration. Recovery is still expected to occur during FY11 and continue into FY12 and beyond. While the strong growth surges or step-ups in revenue experienced in the FY04 - FY08 years are not likely to occur again, the forecast has bounce-back growth in it for FY11 and steady growth in FY12 and beyond.

Recession effects are diminishing (positive employment growth began in the second and third quarters of 2010), the state fisc has digested tax cuts that culminated in FY10, and oil prices are once again on the rise. Revenue growth will be driven by employment and income returning to more normal paths, supported by the energy sector with higher oil prices and north Louisiana gas drilling even with fairly low and stable gas prices.

Much of the improvement in the FY11 outlook is based on strong sales tax growth, both general and vehicle, as the diminishing effects of recession releases pent-up household and business demand, with further support from spending in the energy sector.

The improved outlook for FY11 also relies on personal income tax collections being much stronger in the first and second quarters of 2011 than they were in 2010. This expectation was part of the baseline forecast and has been materially enhanced with this revision. A concentration of tax cuts and employment losses worked to spike down the collections in the 2010 tax-filing season. The 2011 season should compare favorably, but this won't be observed until we get into the tax season, and current projections are significantly better for this period than the strong expectations already in the baseline forecast. At least for this year, the personal income tax will be like corporate taxes; only late in the fiscal year will annual performance be confirmed.

Adding to this uncertainty is the counter-intuitive nature of the mineral revenue forecast revisions. Higher oil prices are being incorporated simultaneously with a shift down in the mineral revenue forecast baseline. This is discussed below and must be a first for state revenue forecasts.

Except for corporate taxes, risks to the forecast are probably to the upside. Sales tax has been strong all fiscal year, oil prices have been rising, and the economy is improving. However, abnormal growth must occur in the personal income tax to achieve the forecast, and the mineral revenue component is experiencing a very odd inconsistency between price changes and state revenue changes. In addition, corporate receipts have been extraordinarily weak so far this fiscal year. Much of these receipts occur late in the fiscal year, and missteps here can be difficult to recover from. The expectation is that sufficient buffer has been provided in the strength receipts to offset any downward surprises in the weak receipts.

Oil and Gas Price Forecast

	FY10	FY11	FY12	FY13	FY14	FY15
Oil $/bbl, WTI	$75.13	$84.65	$84.68	$85.86	$85.26	$85.86
Forecast Change		$12.22	$8.18	$8.68	$6.48	na
Gas $/mmbtu, HH	$4.71	$4.22	$4.68	$5.61	$6.44	$6.62
Forecast Change		$0.10	-$0.42	-$0.54	-$0.28	na
Gas Sev. Tax Rate ¢/mcf	33.1¢	16.4¢	16.7¢	18.3¢	21.4¢	25.4¢

Severance and Royalty Forecast
(millions of $)

	FY10	FY11	FY12	FY13	FY14	FY15
Severance & Royalty	$1,196	$1,224	$1,266	$1,323	$1,366	$1,397
Forecast Change		-$22	-$75	-$137	-$180	na

After dipping to nearly $30/bbl in late 2008, oil prices have climbed since then to around $100/bbl. Benchmark prices have averaged nearly $84/bbl during FY11 to date, exceeding the prior forecast for the entire fiscal year. The current price forecasts are based on actual benchmark prices through the first half of the fiscal year, and the average of price projections by Moody's, the Energy Information Administration, and the State Department of Natural Resources for the second half of the year, and subsequent years.

Even though the oil price projection has been increased for all years, the overall mineral revenue forecast baseline has been reduced (although modest year-over-year revenue growth still occurs). Starting with October 2009 much larger than usual severance tax refunds have been made almost every month, associated with a backlog of inactive well exemptions and the horizontal drilling exemption. Royalty revenue began shifting down starting with the first quarter of 2009. These tax refunds and royalty shift reflect an effective diversion of production from severance taxable and royalty-paying production to exempt production, resulting in a shift down in mineral collections even as the oil price forecast has been increased.

Natural gas prices continue to languish under the weight of the sluggish national economic recovery and the development of large shale formation reserves around the country. Price has averaged only around $4/mmbtu this fiscal year to date, and struggled to climb to only the $4.50 range with the onset of winter. While Mideast unrest suggests that oil prices are currently ahead of their fundamental price, the expectation of economic recovery in FY11 and especially in FY12 and beyond supports both oil and gas price increases in those years, although gas prices have yet to show any sustained upward tendency. As usual though, both upside and downside risk to the mineral revenue forecast always exists, as these commodity prices are subject to dramatic swings.

Some comment should be included specifically concerning the Haynesville Shale development in the northwest quadrant of the state. While this formation holds very large amounts of natural gas and its development has dramatically reversed the state's long-run decline of gas production and has contributed to strong sales tax performance and income tax optimism, the direct mineral revenue benefits of production to the state may not be material for some time to come. Although over 1000 wells are currently producing, the type of drilling technique used for wells in this formation benefits from a 100% exemption from the severance tax until the earlier of well-cost payout or 24 months. These wells also exhibit very rapid depletion, with 80% - 85% of total production depleted in the first year of production, and much of that depleted within the first six months. Thus, severance taxes occur only on much smaller production volumes than those experienced early in the well's life. With low gas prices, the extraordinary boom in bonus receipts received in FY08 and FY09 is also not likely to occur again, and DNR currently reports very little production on state owned lands generating royalty payments. Thus, while total well activity is projected to be quite large over the life of the formation (over 10,000 wells in 17 years and nearly 2,000 currently in some stage of activity from permitting to producing), only a relatively small amount of direct mineral revenue from this resource endowment may be received. In fact, it appears that exploitation of the Haynesville shale has effectively diverted activity from other severance taxable and royalty paying production, resulting in net losses of direct mineral revenue to the state. While the Haynesville shale has been responsible for a nearly 32% increase in total state gas production since FY07, gas production exclusive of Haynesville has dropped by over 26%. Thus, the state's revenue base not only foregoes revenue from the Haynesville production itself but also is experiencing a reduced baseline of production and revenue from non-Haynesville activity.

Some of this diversion effect may be ameliorated over time for two reasons. First, the wide disparity between oil and gas prices has been encouraging a shift from gas drilling/production to oil. To the extent this simply shifts from one taxable or royalty paying type of production to another, state revenue effects are probably minor. However, a very large number of inactive well applications have been filed, and that production is exempt from severance tax for five years. Thus, a shift from gas to oil could still result in a loss of direct mineral revenue. Second, the industry is implementing new technologies to enhance the total amount of gas recoverable from each well. These technologies can have the effect of slowing the depletion rate of new wells and extending their production life farther beyond their period of exemption. Thus, meaningful amounts of production may eventually become taxable as more wells are drilled that produce for longer periods. However, the actual goal of this technology does not appear to be to hold gas in waiting for higher prices in the future, but to allow profitable production at existing low prices by reducing the breakeven gas price for successive wells drilled. The bulk of production will still likely be tax exempt.

Sales Tax Forecast

(millions of $)

	FY10	FY11	FY12	FY13	FY14	FY15
General	$2,363	$2,583	$2,672	$2,764	$2,856	$2,937
Forecast Change		$181	$218	$218	$209	na
Vehicle	$247	$267	$299	$324	$336	$341
Forecast Change		$0	$0	$0	$0	na

Both general and vehicle sales taxes surged in FY06, the fiscal year of the storms, as household items and vehicles were replaced. The general sales tax then sharply slowed its growth in both FY07 and FY08 and, with the help of a small tax cut on business utilities, tax receipts actually fell by 3.6% in FY09. Vehicle sales taxes exhibited negative growth immediately after the storm year, dropping in both FY07 and FY08, and then falling even more dramatically in FY09 (9.8% drop) as the recession began to hit the auto market.

The recession and the remaining bulk of the business utilities tax cut hit the general sales tax in FY10 in a big way. General sales tax receipts fell 14.5% in FY10, with a number of months dropping well over 20%. While tax cuts on business utilities and other purchases took affect in FY10, drops of these magnitudes also reflected dramatic retrenchment in general household and business spending as the national recession arrived in full force.

For the general sales tax, the beginning of a turnaround began in March of 2010 and, as all tax cuts have been absorbed through FY10, strong growth has been experienced so far in FY11. Year-to-date growth through February has been 12% on a cash month basis and 15% on an estimated accrual basis. While the large drop in FY10 makes year-over-year comparisons easy in FY11, the very modest/cautious FY11 forecast growth currently in place (2%) can be significantly increased. Growth slows in FY12 following the strong FY11 experience, but the step-up in the FY11 base bleeds over to a comparable step-up in the FY12 forecast, as well. Growth normalizes in the 3% - 3.5% range in FY13 and beyond, adding to the forecast baseline in each year. Reflecting the absolute size of this revenue source, each 1% point change in growth currently equates to over $24 million of general sales tax receipts.

While the Louisiana economy is somewhat shielded from the severity of economic problems afflicting the rest of the country, when it come to the largest consumer durable purchase (automobiles), Louisiana households and businesses are very much like the rest of the nation. Vehicle sales tax receipts dropped 9.8% in FY09 and another 19.9% in FY10. Improvement began to occur late in FY10, and the FY11 current year is on track for the first positive growth in four years. Year-to-date estimated accrual growth is very good but is distorted by changes to the accrual accounting process for vehicle sales. Year-to-date cash basis growth is currently faster than the current forecast in place, but no changes are recommended to vehicles sales tax forecasts at this time; 8.2% growth in FY11, accelerating in FY12, then slowing in each subsequent year

Personal Income Tax Forecast
(millions of $)

	FY10	FY11	FY12	FY13	FY14	FY15
Income Tax	$2,212	$2,621	$2,815	$3,009	$3,201	$3,368
Forecast Change		$154	$73	$73	$102	na

The personal income tax has been an area of strength in the state's revenue base, exhibiting remarkable resiliency in the post-storm period. Receipts grew 4.6% in the storm year of FY06, then surged 29.7% in FY07. FY08 had to be a weaker year, following such a surge and implementing phase-one of the excess itemized deduction giveback, finishing 2.7% down. FY09 also had to be a down year as the U.S. recession approached and with more tax breaks hitting that year; excess itemized deduction phase-two, a new earned income credit, and a one-time insurance premium credit. Consequently, receipts dropped another 6.4% in that year. A much larger 25.4% drop in collections occurred in FY10, as the U.S. recession hit with full force and additional tax breaks were implemented; phase-three of the excess itemized deduction giveback and the expansion of tax brackets.

Even while the effects of the large tax base and bracket expansion tax cuts were being experienced in the spring of 2010, the forecast for FY11 was for a significant jump in collections. This was based on an expectation of economic recovery and a technical issue concerning the implementation of the bracket expansion tax cut; it had six quarters of effect in FY10 but should have only four quarters of effect for subsequent fiscal years. Thus, even in the spring of 2010, FY11 was expected to see 11.5% growth over FY10. With the effect of the tax cuts now largely in the past and controlled for, the forecast for FY11 is now projecting as much as 18% growth. This forecast should be viewed very cautiously. This is a large absolute annual growth projection, and comes on top of an already strong growth projection. In addition, current collections performance does not yet support this projection. The first real test of this projection came with the February 2011 collections. That month compared to a negative $20 million February 2010 month, was significantly better at $88.7 million, and brought the FY11 year-to-date collections growth up to the annual forecast. Subsequent months of 2011 should exhibit similar improvement over the same months of 2010. Whether the last five accrual months of

FY11 perform well enough relative to FY10 to warrant a 18% growth projection will only be determined as we get into those months. Thus, while this portion of the forecast entails more risk than is typical for the income tax, it appears that FY11 is on the way to significantly exceeding the original forecast. Each 1% of growth made or not made is worth about $27 million.

Corporate Tax Forecast
(millions of $)

	FY10	FY11	FY12	FY13	FY14	FY15
Income & Franchise	$175	$200	$255	$247	$294	$344
Forecast Change		-$172	-$126	-$110	-$54	na

After four years of growth, corporate collections reached their peak for the business cycle in FY07 at $1.052 billion, by far a record high in absolute dollar terms. This essentially doubled approximately twenty years of a $400 million to $600 million per year norm. Three of those years experienced double-digit growth, with one year as high as 51%. This very strong performance was driven by global economic growth, energy price increases, and U.S. dollar exchange rate declines benefiting the broadly defined energy and chemical sector producers and exporters in the state. However, this streak ended in FY08 with a drop of $113 million (-11%) and another drop of $114 million (-12%) in FY09. The downside of the corporate tax cycle results from the 2008-2009 national/global recession and the fall in energy prices from their mid-2008 peaks. In addition, the phase-out of borrowed capital from the franchise tax base began to reach roughly half that tax base in FY08 and should be nearly completely phased out in FY11 and FY12.

Performance in FY10 was distorted by the tax amnesty program where some 75% of program dollar participation was corporate receipts ($364 million). Excluding amnesty receipts resulted in net collections of only $175 million in FY10, a 79% drop from FY09. While it is not possible to know what collections would have been without the amnesty program, a material portion might have been received and classified as normal receipts during FY10 anyway. Collections, net of amnesty receipts, probably understate the true base of corporate collections in FY10. That distortion combined with the fact that other portions of amnesty collections would likely have been received in FY11 and beyond as normal receipts, but were accelerated forward into FY10 by participation in the program, makes the corporate forecasts for FY11 and beyond even more uncertain than is usual for this highly volatile tax.

While the continuing economic recovery argues for some optimism in corporate receipts, which are forecast to grow each year throughout the forecast horizon (although the lower end of the forecast range has been utilized for these forecasts), the new FY11 – FY13 forecast levels have been materially reduced from the previous forecast baseline. FY11 year-to-date receipts have been much weaker than the prior year; through February 2011 92% less on a cash-months basis and 50% less on an estimated accrual basis. This weak performance might be the result of a number of influences; weak net income attributable to Louisiana for tax purposes, the effect of payments in FY10 under amnesty not available to make in FY11 as regular collections, substantial step-ups in tax credit programs. As usual, caution is advised with corporate forecasts due to the highly volatile characteristics of these receipts, and the fact that roughly one-half to two-thirds of these revenues are collected in the last quarter of fiscal year.

Motor Fuels Tax Forecast
(millions of $)

	FY10	FY11	FY12	FY13	FY14	FY15
Gasoline & Spec Fuels	$588	$607	$613	$621	$627	$633
Forecast Change		$13	$45	$43	$34	na

Combined gasoline and special fuels (diesel) performed modestly well in the post-storm period, of FY06 and FY07, growing by 3.0% and 2.3%, respectively. However, both FY08 and FY09 saw drops in these receipts, 1% and 1.7%, respectively. Weakness in FY08 coincided with fuel prices that peaked in the summer of 2008, and weakness in FY09 reflected the recession. That weakness continued in FY10 with another drop of 0.4%. Positive growth has been experienced through FY11 to date, and the projection for FY11 has been revised up to at least 3.2% growth. Growth returns to a cautious 1% per year thereafter, but the change from the previous baseline is significantly positive because the previous projection was for a continual decline in fuels receipts. The outlook is cautiously optimistic for fuels tax with economic recovery supporting growth while rising pump prices threaten a demand pull-back again. With over half of FY11 under belt though, a bounce-back in at least the current fiscal year seems likely.

Gaming Revenue Forecast
(millions of $)

	FY10	FY11	FY12	FY13	FY14	FY15
All Gaming	$822	$818	$824	$835	$847	$857
Forecast Change		$11	-$10	-$19	-$23	na

Gaming in general is a fairly stable revenue source, exhibiting sharp changes only when institutional changes occur such as when new venues open or close, or tax rates or bases are changed. However, as discretionary/entertainment spending-based taxes, these receipts are also subject to weakening and strengthening with economic cycles. Growth in total receipts slowed to 1.8% in FY08 before falling in both FY09 (-2.8%) and FY10 (-3.2%). Receipts have been modestly down in FY11 through December, but a turn-around starting with January may be materializing. The forecast for FY11 projects essentially the same receipts as in FY10, but this outlook is better than previously expected. Modest annual growth is expected going forward, but not as much as was previously projected. The economic recovery is expected to be long and slow, with this form of spending expected to maintain its essentially stable pattern, but with some modest improvement.

Tax Expirations

(millions of $)

	FY10	FY11	FY12	FY13	FY14	FY15
Tobacco Tax Cut	$0	$0	$0	-$12	-$12	-$12
Auto Rental Excise	$0	$0	$0	-$6	-$6	-$6

Act 32 of 2000 imposed an additional 4¢/pack tax on cigarettes, and made the tax increase effective for two years through June 30, 2002. Act 21 of 2002 extended the tax increase through June 30, 2012. For FY13 and beyond the tax on cigarettes is reduced by 4¢/pack. This tax reduction has been incorporated into the forecast projections.

In addition, the 3% tax (2.5% state + 0.5% local) on automobile rentals imposed since 1990 (R.S. 47:551) expires after June 30, 2012. The state portion of this tax is currently projected to be some $6 million per year by the time it expires. For FY13 and beyond the tax on auto rentals is eliminated. This tax elimination has been incorporated into the forecast projections.

Dedications

(millions of $)

	FY10	FY11	FY12	FY13	FY14	FY15
NOW Opportunities Waiver Fund	$0	$15	$?	$?	$?	$?
Vehicle Sales Tax To TTF Delayed	$0	$0	$0	$0	$0	$0
Parish Severance Tax / Atchafalaya Basin Delayed				$0	$0	$0

There are certain dedication issues worth noting, and they are displayed in the table above.

The existing New Opportunities Waiver Fund (NOW) is calculated at the end of each fiscal year for that year's dedication amount. For example, the calculation for FY11 will be based upon the last forecast made for FY11 compared to the forecast for FY11 in place when the fiscal year began. Twelve percent of any increase in forecast, up to $50 million, is then allocated to the NOW fund. Thus, only near the end of the fiscal year is it known whether any amount of that fiscal year's receipts will be allocated to the fund. To allocate the entire $50 million maximum amount would require an increase in forecasts of over $416 million. While the maximum allocation to NOW seems unlikely in FY11, should the forecast discussed above come to pass, an allocation from the state general fund to the NOW Fund would occur of some $15.3 million near the end of FY11.

Act 11 of 2008ES2 phases in a dedication of state sales tax receipts from vehicle sales to the Transportation Trust Fund. To activate this dedication requires that general fund forecasts exceed $9.703 billion (the May 9, 2008 forecast for FY09). Once that occurs the dedication would start at the phase-in level provided by the dedication statute (FY09 10%, FY10 20%, FY11 30%, FY12 50%, FY13 75%, FY14 85%, and FY15 and beyond 100%). The current revenue outlook does not provide for this dedication to occur until FY16. While this seems a distant exposure to the general fund, the triggering of this dedication anytime after FY11 will divert substantial shares of the vehicle sales tax in a single year. By FY15 an amount approaching or exceeding $350 million per year would be diverted.

Act 451 of the 2009 regular session, proposing a Constitutional amendment, was adopted by the electorate in November 2010. This amendment increases the existing maximum amount of state severance taxes allocated back to the parishes of severance over a two-year period. In addition, a new dedication of up to $10 million per year is allocated from severance taxes and royalty receipts from state lands in the Atchafalaya Basin. These new allocations occur when the severance tax forecast exceeds the actual severance tax collections for FY09 ($870 million). This is first "tested" on April 1, 2012 and can have its first effect for FY12. Estimated potential effects are $35 million in the first year and $60 million in subsequent years. Under the current severance tax forecast outlook, this allocation will not occur within the forecast horizon. However, dramatic movements in mineral revenues are possible, and should this dedication be triggered a significant diversion of general fund revenue could occur as early as FY12. That diversion would occur late in the fiscal year or essentially early in the following fiscal year during the accounting closeout period, but after that next year's budget had been established.